

**IMPORTANT COMMUNICATION**

**Interest on Bonds/Non-Convertible Debentures -  
TDS under Section 193 with effect from 1<sup>st</sup> April, 2023**

**Dear Bondholder/s,**

We thank you for being an esteemed investor of the Bank.

This refers to the Rated, Listed and Unsecured Non-Convertible Bonds/Debentures issued by the Bank and listed on BSE Ltd. In this connection, we would like to draw your attention to an important tax amendment in Finance Act, 2023 with respect to TDS on Interest on Unsecured Non-Convertible Bonds/Debentures held by you.

The existing clause (ix) of proviso to Sec. 193 of the Income-tax Act, 1961 ("the Act") provides that no tax shall be deducted on interest payable on any security issued by a company to a resident payee, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.

**However, vide Finance Act 2023, amendment has been made to omit the above clause with effect from 01-04-2023 and accordingly TDS is to be deducted w.e.f. 1<sup>st</sup> April, 2023 on interest payable to resident payee on such listed securities issued by a company.**

In view of above amendment and with effect from 1st April, 2023, Bank will deduct TDS on any interest payable on listed NCD held by respective investors.

The details of TDS deduction for various investors is, as under:

**Resident Investors:**

Investors who have provided valid PAN, tax shall be deducted at source under Section 193 of the Act at 10% on the amount of interest. Tax shall be deducted at source at 20% in the following cases:

1. Investors who do not have PAN / have not registered their valid PAN details in their demat account / with the Bank / Registrar and Transfer Agent / Depository Participant.
2. Investors who are classified as specified persons under Section 206AB.
3. A person, whose PAN has become inoperative owing to it not being linked with Aadhaar, after specified date mentioned as per Rule 114AAA of Income tax Rules.

In view of the above, the investors are requested to update their PAN with the RTA/ Depository Participants (DP)/Bank to avoid higher deduction of TDS.

**No tax shall be deducted in the following cases:-**

The following payees will be eligible for NIL/lower rate of TDS upon providing documents to the Bank mentioned hereunder to the satisfaction of the Bank:-

Section	Particular	Rate of Deduction of Tax at Source	Documents Required (as Applicable)
193	Insurance Companies	Nil	<ul style="list-style-type: none"> <li>❖ Declaration that it is an Insurance company as specified under Proviso to section 193 of the Act.</li> <li>❖ Self-attested copy of certificate of registration with IRDAI.</li> <li>❖ Self-attested copy of PAN card.</li> </ul>
196	Government, Reserve Bank of India (RBI), Specified Corporations established by or under Central Act whose income is exempt from tax	Nil	<ul style="list-style-type: none"> <li>❖ Declaration that it is covered by section 196 of the Act read with the Circulars issued thereunder</li> <li>❖ Self-attested copy of relevant registration documents</li> <li>❖ Self-attested copy of PAN card</li> </ul>
196	Mutual Funds specified under section 10(23D) of the Act	Nil	<ul style="list-style-type: none"> <li>❖ Documentary evidence to prove that it is a mutual fund specified under clause (23D) of section 10 of the Act and is eligible for exemption</li> <li>❖ Self-attested copy of the registration documents</li> <li>❖ Self-attested copy of PAN Card</li> </ul>
197A (1F)	Category - I & II Alternative Investment Funds (AIF) registered with the Securities and Exchange Board of India (SEBI)	Nil	<ul style="list-style-type: none"> <li>❖ Self-Attested documentary evidence that the person is covered by Notification No. 51/2015 dated 25.06.2015 <b>and</b> Declaration that its income is exempt under section 10(23FBA) of the Act and they are governed by SEBI regulations as Category I or Category II AIF</li> <li>❖ Self-attested copy of SEBI AIF registration certificate</li> <li>❖ Self-attested copy of PAN card</li> </ul>
10(25) and others	Provident fund to which the Provident Funds Act, 1925 (19 of 1925) referred to in sub-clause (i), recognized provident fund referred to in sub-clause (ii), approved		<ul style="list-style-type: none"> <li>❖ Declaration that entity is covered by CBDT circular or Notification and copy of such circular or notification</li> <li>❖ Grant certificate, Registration certificate, Documentary evidence supporting the exemption status in terms of any provisions of the Act or CBDT Circular or notification</li> </ul>

	superannuation funds referred to in sub-clause (iii), approved gratuity fund referred to in sub-clause (iv) and funds referred to in sub-clause (v) of section 10(25) of the act read with CBDT circular 18/2017; Investors exempted from TDS provisions in terms of any other provisions of the Act or CBDT Circular or notification		❖ Self-attested copy of PAN card
	Resident investor (other than company or a firm) submitting Form 15G/15H	NIL	❖ Declaration in Form No. 15G (Annexure-I) (applicable to any person other than a company or a firm)/ Form 15H (Annexure II) (applicable to an Individual who is 60 years and older),  Provided that all the eligibility conditions are met.
	Resident investors - Lower / NIL tax deduction certificate issued by Income Tax Department u/s 197 of the Act	Rate specified in the Certificate.	*Lower / Nil tax deduction certificates obtained from Income Tax Authority. Interested investors are requested to obtain lower/nil deduction certificate under our TAN MUMC11449E

**Non - Resident Investors:**

Sr. No	Particular	Rate of Deduction of Tax at Source	Documents Required (as Applicable)
1	Non-resident investors being Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI): Tax is required to be withheld in accordance with the provisions of Section 196D of the Act.	20%* (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial.	To avail beneficial rate of tax as per treaty following documents would be required: ❖ In case of FPI/FII, Copy of SEBI registration certificate. ❖ Self-attested Tax Residency certificate (TRC) (for FY 2023-24), valid as on record date of interest payment, obtained from the tax authorities of the country of which the debenture holder is resident. In case, the TRC is furnished in a language other than English, the official translated

			<p>copy of TRC would be required along with declaration as per Annexure III.</p> <ul style="list-style-type: none"> <li>❖ Self-certified PAN, if any, allotted by the Indian Income Tax Authorities; or Declaration as per Rule 37BC of Income Tax Rules, 1962 in Annexure – IV</li> <li>❖ Form 10F filed electronically on the Indian Income Tax web portal pursuant to Notification No. 03/2022 dated 16th July 2022 and a subsequent notification dated December 12, 2022 issued by the Central Board of Direct Taxes (CBDT), as required under the Income-tax Act, 1961. (Please note that the shareholders who have PAN may not be eligible for DTAA benefit if the e-filed Form 10F is not furnished. However, pursuant to the Notification dated March 28, 2023, CBDT exempted those non-residents who are not having PAN and are not required to have PAN as per the law from mandatory e-filing of Form 10F online until September 30, 2023, and such non-residents may make this statutory compliance of filing Form 10F in manual form as was being done prior to issuance of the Notification No. 3/2022 till September 30, 2023 only as per Annexure V.</li> </ul>
2	Non-Resident investors Lower / NIL tax deduction certificate issued by Income Tax Department u/s 197 of the Act	Rate specified in the Certificate/ Order.	*Lower / Nil tax deduction certificates obtained from Income Tax Authority. Interested investors are requested to obtain lower/nil deduction certificate under our TAN MUMC11449E
3.	Non-Resident individual investors u/s 195 of the Act	30% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	<p>To avail beneficial rate of tax as per treaty following documents would be required:</p> <ul style="list-style-type: none"> <li>❖ Self-attested Tax Residency certificate (TRC) (for FY 2023-24), valid as on record date of interest payment, obtained from the tax authorities of the country of which the debenture holder is resident. In case, the TRC is furnished in a language other than English, the official translated copy of TRC would be required along with declaration as per Annexure III.</li> <li>❖ Self-certified PAN, if any, allotted by the Indian Income Tax Authorities; or</li> </ul>

			<p>Declaration as per Rule 37BC of Income Tax Rules, 1962 in Annexure – IV</p> <ul style="list-style-type: none"><li>❖ Form 10F filed electronically on the Indian Income Tax web portal pursuant to Notification No. 03/2022 dated 16th July 2022 and a subsequent notification dated December 12, 2022 issued by the Central Board of Direct Taxes (CBDT), as required under the Income-tax Act, 1961. (Please note that the shareholders who have PAN may not be eligible for DTAA benefit if the e-filed Form 10F is not furnished. However, pursuant to the Notification dated March 28, 2023, CBDT exempted those non-residents who are not having PAN and are not required to have PAN as per the law from mandatory e-filing of Form 10F online until September 30, 2023, and such non-residents may make this statutory compliance of filing Form 10F in manual form as was being done prior to issuance of the Notification No. 3/2022 till September 30, 2023 only as per Annexure V.</li></ul>
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\*Lower rate of 5% prescribed under section 194LD of Act, will only be applicable in respect of interest payable on rupee denominated bond before 1st July, 2023, subject to fulfilment of other conditions prescribed under the section. For interest payments on or after 01st July 2023, the withholding shall be as per section 195/196D.

#### Notes

1. The Bank is not obligated to apply the beneficial DTAA rate(s) at the time of tax deduction/withholding on interest amounts. Application of beneficial DTAA rate(s) shall depend upon the completeness of the documents submitted by the Non-Resident investor and review to the satisfaction of the Bank.
2. Tax Identification Number of the investor in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the investor is identified by the
3. It is noted that provision of section 206AB are applicable to non-resident shareholders who have Permanent Establishment in India. In this regard, non-resident shareholders, who do not have Permanent Establishment in India, are requested to intimate by way of a declaration in specified format to the Bank that they don't have a Permanent Establishment

in India. For the purpose of this section, the expression 'Permanent Establishment' includes a Fixed Place of business through which the business of the foreign enterprise is wholly or partly carried on in India.

4. The Central Board of Direct Taxes has provided functionality for compliance check under Section 206AB of the Act. Accordingly, for determining TDS rate on Interest, the Bank will be using said functionality to determine the applicability of Section 206AB of the Act.

***General: In order to enable us grant TDS exemption, we request investors to submit tax exemption declarations / details / documents on or before the scheduled Record Date for the respective ISIN for which the interest or principal payment is due.***

Deduction of tax at a rate lower than statutory rate or no deduction of tax shall depend upon the completeness of the documents and the satisfactory review of the forms and the documents, submitted by investors, to the Bank/ RTA.

Tax shall be deducted by the Bank on the basis of the valid documents submitted with the Bank/ RTA.

However, where the investor furnishes lower / nil deduction tax certificate obtained from Income Tax Department under Section 197, TDS will be deducted as per the rates prescribed in such certificate. Interested investors are requested to obtain lower/nil deduction certificate under our TAN MUMC11449E.

On best effort basis Bank & RTA will check the TAX exemption documents and consider for tax exemption while processing the Interest. In case tax on interest is deducted / deducted at a higher rate in the absence of receipt of the aforementioned details / documents, you still have the option of claiming refund of the excess tax paid at the time of filing your income tax return. However, no claim shall lie against the Bank in respect of such taxes deducted.

This Communication is not to be treated as advice from the Bank. Investors should obtain the tax advice related to their tax matters from a tax professional.

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided/to be provided by the Investor(s), such Investor(s) will be responsible to indemnify the Bank and also, provide the Bank with all information/documents and co-operation in any proceedings.

The Bank will arrange to email a soft copy of the TDS certificate to the registered email IDs of the investors. The TDS amount will also be reflected in Form 26AS of the investor, which can be downloaded from their e-filing account at <https://www.incometax.gov.in/iec/foportal/>.

केंद्रीय कार्यालय

Central Office

For further information or clarification, investors can write to our RTA at [helpdeskmum@mcsregistrars.com](mailto:helpdeskmum@mcsregistrars.com).

Thanking you,

Sd/

**(Chandrakant Bhagwat)**

Assistant General Manager/  
Company Secreatry

Encl:-

Annexure I - Form 15G

Annexure II - Form 15H

Annexure III - Self Declaration Form

Annexure IV - Declaration under Rule 37BC

Annexure V - Form 10F

Annexure VI - Declaration regarding Category and Beneficial Ownership of bonds